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October 10, 2013

Board of Directors  
Whitewater Community Television  
2325 Chester Blvd.  
Richmond, IN 47374

We have reviewed the audit report prepared by Webb & Associates, Independent Public Accountants, for the period January 1, 2008 to June 30, 2009. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Whitewater Community Television, as of June 30, 2009, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

STATE BOARD OF ACCOUNTS

**WHITEWATER COMMUNITY  
TELEVISION, INC.  
FINANCIAL STATEMENTS  
JUNE 30, 2009 AND DECEMBER 31, 2007**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Whitewater Community Television, Inc.  
Richmond, Indiana 47374

We have audited the accompanying statements of financial position of Whitewater Community Television, Inc. (a nonprofit organization) as of June 30, 2009 and December 31, 2007, and the related statements of activities, functional expenses and cash flows for the eighteen (18) months and the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Whitewater Community Television, Inc. as of June 30, 2009 and December 31, 2007, and the changes in its net assets and its cash flows for the eighteen (18) months and the year then ended in conformity with accounting principles generally accepted in the United States of America.

**WEBB & ASSOCIATES**

October 27, 2009

**WHITEWATER COMMUNITY TELEVISION, INC**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2009 and December 31, 2007**

**ASSETS**

	<u>June 30, 2009</u>	<u>December 31, 2007</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 195,490	\$ 139,703
Indiana University Reserve	(944)	20,086
Accounts Receivable	170	7,140
Prepaid Expenses	1,285	753
<b>TOTAL CURRENT ASSETS</b>	<u>196,001</u>	<u>167,682</u>
<b>FIXED ASSETS</b>		
Equipment	348,463	348,463
Less: Accumulated Depreciation	(325,605)	(299,591)
<b>NET FIXED ASSETS</b>	<u>22,858</u>	<u>48,872</u>
<b>TOTAL ASSETS</b>	<u>\$ 218,859</u>	<u>\$ 216,554</u>

**LIABILITIES AND NET ASSETS**

	<u>June 30, 2009</u>	<u>December 31, 2007</u>
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 245	\$ 1,292
Accrued Payroll - IUE	1,188	0
Accrued Vacation Pay	0	4,323
<b>TOTAL CURRENT LIABILITIES</b>	<u>1,433</u>	<u>5,615</u>
<b>NET ASSETS</b>		
Unrestricted	217,426	210,939
<b>TOTAL NET ASSETS</b>	<u>217,426</u>	<u>210,939</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 218,859</u>	<u>\$ 216,554</u>

SEE INDEPENDENT AUDITOR'S REPORT  
AND NOTES TO FINANCIAL STATEMENTS

**WHITEWATER COMMUNITY TELEVISION, INC.**  
**STATEMENTS OF ACTIVITIES**  
**18 Months Ended June 30, 2009 and the Year Ended December 31, 2007**

	18 Months Ended June 30, 2009	Year Ended December 31, 2007
<b>REVENUE AND SUPPORT</b>		
Special Events		
Revenue	\$ 2,196	\$ 2,429
Direct Costs	(507)	(703)
	1,689	1,726
Franchise Fees	296,067	190,207
Capital Equipment Grant	0	14,801
Production Services	4,040	10,350
Contributions and Grants	25,635	12,530
In-kind Contributions	44,550	29,100
Memberships	12,515	7,860
Duplication	5,188	3,215
Class Fees	3,600	150
Miscellaneous	269	1,683
Sponsorships	2,900	2,100
Interest Income	3,404	5,619
<b>TOTAL REVENUE AND SUPPORT</b>	<b>399,857</b>	<b>279,341</b>
<b>EXPENSES</b>		
Program	293,685	179,836
Management and General	97,723	73,588
Fund Raising	1,962	1,502
<b>TOTAL EXPENSES</b>	<b>393,370</b>	<b>254,926</b>
 <b>INCREASE IN UNRESTRICTED NET ASSETS</b>	 <b>6,487</b>	 <b>24,415</b>
 <b>NET ASSETS AT BEGINNING OF YEAR</b>	 <b>210,939</b>	 <b>186,524</b>
 <b>NET ASSETS AT END OF YEAR</b>	 <b>\$ 217,426</b>	 <b>\$ 210,939</b>

SEE INDEPENDENT AUDITOR'S REPORT  
AND NOTES TO FINANCIAL STATEMENTS

**WHITEWATER COMMUNITY TELEVISION, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**18 Months Ended June 30, 2009 and the Year Ended December 31, 2007**

	<u>Program</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Totals for 18 Months Ended June 30, 2009</u>	<u>Totals for Year Ended December 31, 2007</u>
Salaries	\$ 146,379	\$ 53,620	\$ 1,430	\$ 201,429	\$ 126,956
Fringe Benefits	22,459	8,227	219	30,905	18,127
Payroll Taxes	10,322	4,102	109	14,533	9,246
Retirement Benefits	29,303	5,362	143	34,808	21,802
Office Rental - In-kind	41,297	2,292	61	43,650	29,100
Telephone	0	5,132	0	5,132	3,587
Insurance	1,855	4,056	0	5,911	3,489
Legal and Professional	0	8,347	0	8,347	6,585
License and Permits	157	0	0	157	386
Dues and Subscriptions	232	0	0	232	115
Printing and Publications	0	1,025	0	1,025	331
Supplies and Postage	8,496	2,797	0	11,293	8,305
Repairs and Maintenance	7,171	0	0	7,171	3,673
Depreciation	26,014	0	0	26,014	20,897
Travel and Meals	0	280	0	280	94
Professional Development	0	0	0	0	70
Advertising	0	1,500	0	1,500	1,265
Website Development	0	340	0	340	300
Volunteer Program	0	518	0	518	477
Miscellaneous	0	125	0	125	121
<b>TOTAL EXPENSES</b>	<b>\$ 293,685</b>	<b>\$ 97,723</b>	<b>\$ 1,962</b>	<b>\$ 393,370</b>	<b>\$ 254,926</b>

SEE INDEPENDENT AUDITOR'S REPORT  
AND NOTES TO FINANCIAL STATEMENTS

**WHITEWATER COMMUNITY TELEVISION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**18 Months Ended June 30, 2009 and the Year Ended December 31, 2007**

	18 Months Ended <u>June 30, 2009</u>	Year Ended <u>December 31, 2007</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase in Net Assets	\$ 6,487	\$ 24,415
<b>ADJUSTMENTS TO RECONCILE INCREASE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Depreciation	26,014	20,897
Decrease (Increase) in Indiana University Reserve	21,030	(3,523)
Decrease (Increase) in Accounts Receivable	6,970	(7,140)
Increase in Prepaid Insurance	(532)	(302)
Decrease in Accounts Payable	(1,047)	(833)
Decrease in Accrued Expenses	(3,135)	(3,408)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>55,787</u>	<u>30,106</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Equipment	<u>0</u>	<u>(15,301)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>0</u>	<u>(15,301)</u>
NET INCREASE IN CASH	55,787	14,805
CASH BEGINNING OF YEAR	<u>139,703</u>	<u>124,898</u>
CASH END OF YEAR	<u>\$ 195,490</u>	<u>\$ 139,703</u>

SEE INDEPENDENT AUDITOR'S REPORT  
AND NOTES TO FINANCIAL STATEMENTS



**WHITEWATER COMMUNITY TELEVISION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**Note #1 - Summary of Significant Accounting Policies**

**Nature of Operations**

Whitewater Community Television, Inc. (WCTV) was incorporated as a not-for-profit organization on April 7, 1988, under the laws of the state of Indiana. The organization was created to provide a public, educational and government access television center to the residents of Wayne County, Indiana at no cost to the public. WCTV is primarily supported by franchise fees from the City of Richmond, Indiana and Wayne County.

The financial statements of WCTV have been prepared on the accrual basis. The significant accounting policies followed are described to enhance the usefulness of the financial statements to the reader.

**Change of Accounting Period**

WCTV has changed its accounting from a calendar year to a fiscal year ending June 30 to coincide with Indiana University. Therefore, the June 30, 2009 financial statements consist of 18 months instead of the normal 12 month period.

**Prior Year Amounts**

The amounts shown for December 31, 2007 in the accompanying financial statements are presented to provide a basis for comparison with June 30, 2009.

**Net Asset Classifications**

The financial statements have been prepared in accordance with the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-For-Profit Organizations*. SFAS No. 117 requires that the financial statements report information regarding its financial position and activities according to three classes of net assets:

1. Unrestricted - expendable funds for current operations.
2. Temporarily restricted - funds temporarily restricted as to program purpose or time restrictions by the donor. WCTV does not have any temporarily restricted assets.
3. Permanently restricted - funds restricted by the donor that stipulates resources be maintained permanently but permits the organization to use part or all of the income derived from the donated assets. WCTV does not have any permanently restricted net assets.

**Support and Revenue**

WCTV reports assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When donor restrictions expire, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. If donor-imposed restrictions are met in the same reporting period in which the contribution is received, WCTV reports the contribution as unrestricted support.

**Cash and Cash Equivalents**

WCTV considers all liquid investments with original maturities of three months or less to be cash equivalents. Cash consists of bank deposits in federally insured accounts and petty cash. WCTV had no cash equivalents at June 30, 2009 and December 31, 2007.

**Indiana University Reserve**

WCTV employee related expenses and other selected expenses are administered by Indiana University and then reimbursed by WCTV. The reserve represents the net cash amount on hand held by Indiana University or owed to Indiana University as of June 30, 2009 and December 31, 2007.

**WHITEWATER COMMUNITY TELEVISION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**Note #1 - Summary of Significant Accounting Policies (continued)**

**Property and Equipment**

WCTV capitalizes all expenditures for equipment in excess of \$500 and a useful life of one year or longer. Equipment is carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the useful lives of the assets, ranging from five to seven years. Routine repairs and maintenance are expensed when incurred.

Upon the sale of equipment, the cost and related accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss is included in current revenues.

**Donated Property and Equipment**

WCTV reports gifts of equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets must be maintained. WCTV reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service, as instructed by the donor. WCTV reclassifies temporarily restricted net assets to unrestricted net assets at that time.

**In-Kind Contributions**

In addition to receiving cash contributions, WCTV receives usage of furnished office space from Indiana University East. The value of the office space that is included as in-kind contributions and the corresponding rent expense is \$43,650 and \$29,100 for the 18 months ended June 30, 2009 and the year ended December 31, 2007. Other in-kind contributions consisted of auditing service of \$900 and \$0 for the 18 months ended June 30, 2009 and the year ended December 31, 2007.

**Financial Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimated.

**Income Taxes**

WCTV is exempt from income taxes under Section 501(c)(3) of the U. S. Internal Revenue Code and is not considered to be a private foundation.

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Advertising**

WCTV uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. Advertising costs totaled \$1,500 and \$1,265 for the 18 months ending June 30, 2009 and the year ending December 31, 2007.

**Receivables and Payables**

Receivables and payables are shown in the statement of financial position. All are considered current.

**WHITEWATER COMMUNITY TELEVISION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**Note #2 - Concentration of Credit Risk**

Financial instruments, which potentially subject WCTV to concentrations of credit risk, as defined by FASB Statement of Financial Accounting Standard No. 105, consist of cash. The Organization maintains its cash in various bank deposit accounts, which, at times, may exceed federally insured limits. The insurance limits were \$250,000 at June 30, 2009 and \$100,000 at December 31, 2007. The Organization maintained a cash balance at a financial institution in excess of FDIC insurance limits of \$0 and \$33,428 as of June 30, 2009 and December 31, 2007.

**Note #3 - Concentration of Support and Schedule of Awards**

The following support is a direct result of franchise fees paid by Comcast, formerly Insight Communications and represents approximately 74.04% and 73.39% of WCTV's total revenue and support for the 18 months ended June 30, 2009 and the year ended December 31, 2007.

	<u>Franchise Fees</u>	<u>Equipment Grants</u>	<u>Total</u>
June 30, 2009			
City of Richmond Indiana	\$ 266,067	\$ 0	\$ 266,067
Wayne County	<u>30,000</u>	<u>0</u>	<u>30,000</u>
	<u>\$ 296,067</u>	<u>\$ 0</u>	<u>\$ 296,067</u>
December 31, 2007			
City of Richmond Indiana	\$ 170,207	\$ 14,801	\$ 185,008
Wayne County	<u>20,000</u>	<u>0</u>	<u>20,000</u>
	<u>\$ 190,207</u>	<u>\$ 14,801</u>	<u>\$ 205,008</u>

**Note #4 - Pension Plan**

Plan contribution expenses for the 18 months ended June 30, 2009 and the year ended December 31, 2007 were \$34,808 and \$21,802. Descriptions of the various plans are summarized below.

**Support and Service Staff**

WCTV offers all salaried non-professional employees that are at least 50% full-time equivalent employees a two-part retirement plan. Plan contributions are coordinated by Indiana University. The Plan falls under the umbrella of the Indiana Public Employees Retirement Fund (PERF). The Plan consists of two parts. The first part is a defined benefit for eligible employees where contributions vest when at least 10 years of service have been achieved. The second part is an annuity savings account where vesting is immediate. As currently offered, both parts are 100% funded by the employer, with rates established by the State of Indiana. The contribution rate for the 18 months ended June 30, 2009 and the year ended December 31, 2007 for WCTV eligible employees was 10.5% and 7.05%.

**Professional Staff**

WCTV, through Indiana University, maintains a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers professional staff that are 50% or more full-time equivalent employees of the Organization. The Organization contributes 10% of base salary for employees hired on or after July 1, 1999. For employees enrolled prior to July 1, 1999, but after July 1, 1989, the contribution rate is 11.25%. There is no waiting period for new employees to enroll in the Plan, and participants are immediately 100% vested in the funds contributed on their behalf.

**WHITEWATER COMMUNITY TELEVISION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**Note #4 - Pension Plan (continued)**

**Optional Tax Deferred Annuity**

WCTV offers an additional tax deferred annuity plan to employees meeting the eligibility requirements for either of the Plans described above. Employees may elect to defer from 10% up to 100% of his or her compensation each year up to the maximum allowed by the Internal Revenue Code. Participants are 100% vested in his or her account balance.

**Note #5 - Leases**

WCTV leases approximately 2,600 square feet from Indiana University for operational space. The lease is part of an overall contract with Indiana University that also includes certain personnel services being provided. The contract is valid indefinitely, although either party may terminate it in whole or in part with 60 days prior written notice. Indiana University has agreed to waive all lease payments for WCTV. Management estimates the fair market value of the space to be \$29,100 per annum.